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An act to amend Sections 53545.12 and 53545.13 of the Health and Safety Code, relating to housing.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53545.12 of the Health and Safety Code is amended to read:

53545.12. For the purposes of the grant program established in Section 53545.13, the following definitions apply:

(a) "Capital improvement project" means the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, as defined in subdivision (a) of Section 16727 of the Government Code, that is an integral part of, or necessary to facilitate the development of, a qualified infill project or qualified infill area. Capital improvement projects that may be funded under the grant program established by this act include, but are not limited to, those related to all of the following:

- (1) The creation, development, or rehabilitation of parks or open space.
- (2) Water, sewer, or other utility service improvements.
- (3) Streets and roads, parking structures, or transit linkages and facilities, including, but not limited to, related access plazas or pathways, or bus and transit shelters.
- (4) Facilities that support pedestrian or bicycle transit.
- (5) Traffic mitigation.
- (6) Qualifying infill project or qualifying infill area site preparation or demolition.
- (7) Sidewalk or streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities.

(b) "Department" means the Department of Housing and Community Development.

(c) "Eligible applicant" means any of, or any combination of, the following:

- (1) A nonprofit or for-profit developer of a qualifying infill project.
- (2) A city, county, city and county, public housing authority, or redevelopment agency that has jurisdiction over a qualifying infill area.
- (3) (A) A city, county, city and county, public housing authority, or redevelopment agency that has jurisdiction over a qualifying infill area and applies for funding jointly with an "owners' association," as defined in Section 36614.5 of the Streets and Highways Code, for a business or property improvement district that includes the qualifying infill area.

(B) Prior to receiving funding, but after being awarded a grant, the joint applicants described in subparagraph (A) shall submit to the department documentation from the local permitting authority demonstrating that the actual number of permitted housing units associated with the qualifying project is equal to or greater than the number of housing units in the grant application.

(4) The duly constituted governing body of an Indian reservation or rancheria that has jurisdiction over a qualifying infill area or a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5 that is the developer of a qualifying infill project.

(d) (1) "Qualifying infill area" means a contiguous area located within an urbanized area (1) that has been previously developed, or where at least 75 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (2)



in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition and criteria in this section for a qualified infill project.

(2) Notwithstanding paragraph (1), if the department makes funds available through a notice of funding availability for small jurisdictions, “qualifying infill area” means a contiguous area located within an urbanized area (1) that has been previously developed, or where at least 50 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (2) in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition and criteria in this section for a qualified infill project.

(e) (1) “Qualifying infill project” means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(2) Notwithstanding paragraph (1), if the department makes funds available through a notice of funding availability for small jurisdictions, “qualifying infill project” means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 50 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(2)

(3) A property is adjoining the side of a project site if the property is separated from the project site only by an improved public right-of-way.

(f) “Urbanized area” means an incorporated city or an urbanized area or urban cluster as defined by the United States Census Bureau. For unincorporated areas outside of an urban area or urban cluster, the area must be within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water systems.

(g) “Urban uses” mean any residential, commercial, industrial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

(h) “Small jurisdiction” means a county with a population of less than 250,000 as of January 1, 2020, or any city within that county.

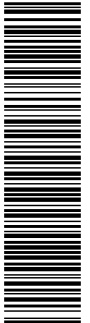
SEC. 2. Section 53545.13 of the Health and Safety Code is amended to read:

53545.13. (a) The Infill Incentive Grant Program of 2007 is hereby established to be administered by the department.

(b) Upon appropriation of funds by the Legislature for the purpose of implementing paragraph (1) of subdivision (b) of Section 53545, the department shall establish and administer a competitive grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area. The department shall determine amounts, if any, to be made available for qualifying infill projects and for qualifying infill areas.

(c) (1) For the funds granted to qualifying infill projects under this section, the department shall do all of the following:

(A) Make program funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).



(B) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this section in addition to those used in the Multifamily Housing Program.

(C) Administer funds subject to this section in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(2) Only applications meeting the threshold requirements of subdivision ~~(e)~~ (d) of this section, subdivision (e) of Section 53545.12, and any additional threshold requirements established by the department, shall be eligible to receive funds as a qualifying infill project pursuant to this section.

(d) A qualifying infill project or qualifying infill area for which a capital improvement project grant may be awarded shall meet all of the following conditions:

(1) (A) A qualifying infill area shall be located only in a city, county, or city and county, in which the general plan of the city, county, or city and county, has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(B) The requirements of this paragraph shall not apply to the duly constituted governing body of an Indian reservation or rancheria or tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced may not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, "affordable unit" means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(D) A qualifying infill project or qualifying infill area for which a disposition and development agreement or other project- or area-specific agreement between the developer and the local agency having jurisdiction over the project has been executed on or before the effective date of the act adding this section, shall be deemed to meet



the affordability requirement of this paragraph if the agreement includes affordability covenants that subject the project or area to the production of affordable units for very low, low-, or moderate-income households.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following adopted plans:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A regional sustainable communities strategy or alternative planning strategy approved pursuant to Section 65080 of the Government Code.

(e) In its review and ranking of applications for the award of capital improvement project grants for qualifying infill areas, the department shall rank the affected qualifying infill areas based on the following priorities:

(1) Project readiness, which shall include all of the following:

(A) A demonstration that the area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submittal of a grant application.

(B) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill area.

(C) A demonstration that the area development has sufficient local support to achieve the proposed improvement.

(2) The depth and duration of the affordability of the housing proposed for a qualifying infill area.

(3) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision ~~(e)~~ (d).

(4) The qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(5) The proximity of housing to parks, employment or retail centers, schools, or social services.

(6) The qualifying infill area location's consistency with an adopted sustainable communities strategy, alternative planning strategy, or other adopted regional growth plan intended to foster efficient land use.

(f) (1) In allocating funds for qualifying infill areas pursuant to this section, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(2) The department may make funds available specifically to small jurisdictions, as defined in subdivision (h) of Section 53545.12.

(g) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(h) (1) The department shall adopt guidelines for the operation of the grant program, including guidelines to ensure the tax-exempt status of the bonds issued pursuant to this part, and may administer the program under those guidelines.



(2) The guidelines shall include provisions for the reversion of grant awards that are not encumbered within four years of the fiscal year in which an award was made, and for the recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department.

(3) The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(i) For each fiscal year within the duration of the grant program, the department shall include within the report to the Legislature, required by Section 50408, information on its activities relating to the grant program. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

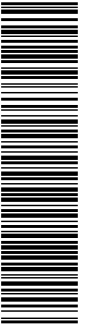
(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

(j) For notices of funding availability for qualifying infill areas released after July 1, 2021, in awarding funds under the program, the department shall provide additional points or preference to projects located in jurisdictions that are designated prohousing pursuant to subdivision (c) of Section 65589.9 of the Government Code, in the manner determined by the department pursuant to subdivision (d) of Section 65589.9 of the Government Code.

(k) This section shall become operative on January 1, 2022.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Infill Incentive Grant Program of 2007.

Existing law establishes the Infill Incentive Grant Program of 2007, which requires the Department of Housing and Community Development, upon appropriation, to establish and administer a competitive grant program to allocate those funds to selected capital improvements projects related to qualifying infill projects or qualifying infill areas, as defined. The Housing and Emergency Shelter Trust Fund Act of 2006 and the Veterans and Affordable Housing Bond Act of 2018 each make certain funds derived from the proceeds of general obligation bonds issued and sold pursuant to those acts available for purposes of the program.

Existing law requires that a qualifying infill area, among other things, be located within an urbanized area, as defined, or at least 75% of the perimeter of the area must adjoin parcels that are developed with urban uses. Existing law requires a qualifying infill project to be a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75% of the perimeter of the site adjoins parcels that are developed with urban uses.

The bill would authorize the department to make funds available under the Infill Incentive Grant Program of 2007 specifically to small jurisdictions with a population of less than 250,000 as of January 1, 2020, or any city within that county. The bill would revise the above described requirements applicable to a qualifying infill area in a small jurisdiction so that only 50% of the perimeter of the area must adjoin parcels that are developed with urban uses if the area is not otherwise located within an urbanized area. The bill would revise the above described requirements applicable to a qualifying infill project in a small jurisdiction so that only 50% of the perimeter of the vacant site must adjoin parcels that are developed with urban uses if the site is not otherwise located within an urbanized area.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

